

FRAUD AND ABUSE UNIT

Operations and Procedures Manual



Revised 4/26/06

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1. INTRODUCTION

In order to achieve the goals of reducing fraud and abuse, improving operational quality and ensuring the provision of high quality care in the State behavioral health system, the Arizona Department of Health Services (ADHS), Division of Behavioral Health Services (DBHS) established a comprehensive fraud and abuse compliance program. This program included the creation of the Fraud and Abuse Unit (FAU), which was given the charge of deterring and detecting fraud and abuse within DBHS, its contractors and subcontractors.

In accordance with the contractual requirements of DBHS with the Arizona Health Care Cost Containment System (AHCCCS), DBHS fraud and abuse compliance program includes the provisions outlined in 42 CFR 455.17 including a Compliance Plan, Compliance Officers, a Compliance Committee, training and education, communication, monitoring/auditing and written policies and procedures.

Any portion of this Operations and Procedures Manual may be altered or waived if the FAU Manager is directed to do so by the Compliance Committee Chair. The following sections describe the established operational procedures for the FAU including the oversight and maintenance of the DBHS Corporate Compliance Plan.

2. DBHS COMPLIANCE PLAN

The DBHS Corporate Compliance Plan is intended to be a systematic process aimed at ensuring that DBHS, its contractors and subcontractors comply with applicable laws, regulations, standards and contractual obligations. The Compliance Plan serves as a guiding document in the development, implementation, evaluation and maintenance of all related fraud and abuse operations and procedures, and it establishes a process for identifying and reducing risk and improving internal controls. See Attachment A for DBHS Corporate Compliance Plan.

3. COMPLIANCE COMMITTEE

The purpose of the DBHS Compliance Committee is to provide high-level oversight and direction for the fraud and abuse compliance program.

The Compliance Committee's responsibilities are:

- To understand DBHS fraud and abuse procedures and to provide this information to each functional area and its employees to insure effective communication and understanding regarding fraud and abuse detection and deterrence.
- To interface with the ADHS Director and Deputy Director in regards to DBHS fraud and abuse deterrence and detection efforts.
- To review the plan annually to assure that it is meeting the needs, requirements and contractual obligations of DBHS relating to fraud and abuse.

- Providing feedback to the FAU regarding emerging fraud and abuse trends and vulnerable areas in the behavioral health community.
- Reviewing relevant FAU investigative reports in order to become aware of audit findings and how those findings affect the functional areas and customers of the division.

The Compliance Committee's membership is made up of:

- Committee Chair – DBHS Chief Financial Officer (CFO)
- Committee Staff – DBHS Fraud and Abuse Unit Manager
- Committee Members – Management representatives from each functional area of DBHS.
 - Deputy Director
 - Chief Financial Officer
 - Consumer Rights Bureau Chief
 - Compliance Chief
 - Office of Program Support Manager
 - FAU Manager as staff to the Committee
 - Quality Management Operations Bureau Chief
 - Clinical and Recovery Services Chief

Meetings

The committee should meet as needed and the Committee Chair or the DBHS Deputy Director should call each meeting. There should be a standing quarterly meeting of the committee to review the plan and to discuss significant cases from the past period. It is recommended that the committee issue an annual report to the ADHS Director regarding the adequacy of the compliance program and any emerging trends in fraud and abuse in Arizona's behavioral health system and recommendations to address these trends. Each committee meeting will include an update from the Compliance Officer on cases opened, cases closed, cases referred, new trends and new vulnerable areas. Committee meeting agendas and notes will be maintained in the FAU files.

It is important to remember the sensitive nature of the information and topics the committee will be discussing and to assure that each member does not share information on investigations outside of the committee. In order for the FAU audits and investigations to be conducted properly and to maintain the integrity of any possible future civil or criminal actions taken against a subject, strict confidentiality must be maintained by the committee and any related DBHS employee.

4. FRAUD AND ABUSE UNIT

In order to facilitate the operational objectives of DBHS compliance program, the Fraud and Abuse Unit (FAU) was established. The FAU is charged with detecting and deterring fraud and abuse within DBHS and in training and assisting Tribal/Regional Behavioral Health Authorities'

(T/RBHA) Compliance Officers as they facilitate their own compliance programs. The FAU is comprised of a Unit Manager and two Compliance Auditors.

The FAU Manager reports directly to the CFO and acts as staff to the Compliance Committee. The FAU Manager is responsible for updating the compliance plan, creating and maintaining FAU procedures, assigning reviews and audits, reviewing, summarizing and reporting fraud and abuse statistics, liaison with AHCCCS/OPI (Office of Program Integrity), Department of Health and Human Services, Office of Inspector General, and the Arizona Attorney General's Office, providing fraud and abuse training to DBHS employees and T/RBHA Compliance Officers and conducting audits and investigations. The FAU Manager is the single point of contact for DBHS employees reporting fraud and abuse and for DBHS reporting fraud and abuse to an outside agency.

The desk review auditor conducts regular ongoing statistical analysis of CIS encounter data, tribal fee-for-service data and other data and information looking for trends or patterns that would indicate suspected fraud or abuse. These analyses result in regular reports to the FAU Manager. The FAU Manager summarizes these reports and provides them to the CFO and Compliance Committee. This auditor also conducts desk reviews of complaints and is fully cross-trained in field audit operations.

The field auditor conducts random and targeted field audits of T/RBHAs and providers based upon established audit programs and purpose-created audit programs. This auditor also conducts investigatory audits of providers that have been identified by DBHS in-house data as generating irregular encounter or billing activity. This auditor is fully cross-trained in desk review audit operations.

5. COMPLIANCE OFFICERS' MEETING

In order to facilitate fraud and abuse training and communication among the T/RBHA Compliance Officers, the FAU Manager will convene quarterly Compliance Officers' meetings. The Compliance Officers' meetings are intended to provide a forum for discussion of relevant fraud and abuse topics, emerging trends, changes in DBHS policy/contract as well as a setting for formal training on methods and techniques in deterring and detecting fraud and abuse.

This meeting will be scheduled for two hours each quarter and will be held at the DBHS building in Phoenix. All identified T/RBHA Compliance Officers and acting Compliance Officers are requested to attend in person. In the event a Compliance Officer cannot attend in person, they may appoint a designee to attend in their place.

Meetings will be scheduled and the Compliance Officers notified two months in advance for each meeting. For each scheduled meeting, the FAU Manager will prepare and distribute an agenda at least two weeks prior to the meeting date. All Compliance Officers are invited to contact the FAU to suggest items for discussion or to request presentations be placed on the agenda. All requests for items or presentations must be received by the FAU at least one month prior to the meeting date and must be approved by the FAU Manager for inclusion on the agenda. Agendas and meeting notes will be retained as part of the FAU administrative records.

6. T/RBHA COMPLIANCE OFFICERS AND COMPLIANCE PLANS

All T/RBHAs are required by contract to have a Corporate Compliance Officer and a Corporate Compliance Plan. The contracts state that any change of Compliance Officer is to result in DBHS being notified of the change including information regarding the new Compliance Officer and their contact information.

All T/RBHAs are to submit their Corporate Compliance Plan to the DBHS/FAU annually by October 1. The FAU will review and file these annual submissions in the FAU files and notify the assigned DBHS Contract Compliance Officer of their compliance with this requirement.

7. FRAUD AND ABUSE DEFINITIONS

For the purposes of the DBHS' compliance program, the DBHS' Compliance Plan and the FAU's operational activities, the following will be used as the definitions and elements for identifying fraud and abuse.

Fraud

"Fraud means an intentional deception or misrepresentation made by a person with the knowledge that the deception could result in some unauthorized benefit to himself or some other person. It includes any act that constitutes fraud under applicable Federal or State law." (42 CFR § 455.2)

Elements of Fraud:

- The act (evidence of wrongdoing).
- Knowledge and intent (willfully intended to commit act – generally evidenced by a pattern of wrongdoing).
- Benefit (some type of measurable benefit obtained from the act by the person committing the act).

Abuse

"Abuse means provider practices that are inconsistent with sound fiscal, business or medical practices, and result in an unnecessary cost to the Medicaid program, or in reimbursement for services that are not medically necessary or that fail to meet professionally recognized standards for health care. It also includes recipient practices that result in unnecessary cost to the Medicaid program." (42 CFR § 455.2)

Elements of Abuse:

- Inconsistency (pattern of not following known laws, rules, regulations, contracts or industry practices/procedures).

- Costs (unnecessary loss of money to a government program).
- Not necessary/does not meet standards (general disregard for professional or industry standards and practices).

Understanding Medicaid Fraud and Abuse:

The phrase “fraud and abuse” is used commonly when discussing corporate compliance programs in the world of Medicaid. The terms fraud and abuse are generally used together, as if they are interchangeable and essentially the same, but they are not. In order to effectively deter and detect fraud and abuse within Arizona’s public behavioral health system and to better enable auditors and investigators to perform their duties adequately, it is necessary to examine, define and understand what these terms mean and how they are different. The obvious and subtle differences between the terms fraud and abuse are critical in the determination of suspected fraud or abuse, the collection of evidence, the elements necessary to determine which statutes apply and, ultimately, the jurisdiction.

The terms fraud and abuse, as used in the Code of Federal Regulations, do not refer to specific offenses, but rather the nature of the statutes that can be used to prosecute or take action against a provider. If fraud were suspected, at least one of several Federal or State criminal statutes would need to be charged. The charges chosen would be based upon the facts and circumstances of the case and specific elements would need to be established in order to conduct a successful prosecution of the case.

If abuse were suspected, at least one of several federal or state statutes or rules would need to be charged or invoked. Based upon the statutes or rule chosen to charge the subject with, specific elements would need to be established in order to successfully obtain a civil judgment or monetary penalty or assessment.

The primary difference between fraud and abuse, as they relate to chargeable offenses, is the existence or ability to prove intent on the part of the suspect. In order to charge a fraudulent act it would normally require the ability to prove criminal intent. A lower level of intent or an absence of intent would normally lead investigators or prosecutors to pursue civil/administrative action based upon the abusive activity. See Attachment B.

8. SUSPECTED FRAUD AND ABUSE DEFINITION

For the purposes of the DBHS’ compliance program, the DBHS Compliance Plan and the FAU’s operational activities, the following will be used as the definition and criteria for determining suspected fraud and abuse.

ARS 36-2918.01 uses the language “suspected fraud or abuse.” This is the language that is used by DBHS in regards to their compliance program. DBHS defines suspected fraud or abuse as:

“Evidence or information that would lead a reasonable person to believe that fraud or abuse is occurring or has occurred. This would normally involve evidence of a material

loss or unnecessary expense, a pattern of occurrence and something to show intent to defraud or unsound business practices. An alternate phrase for ‘suspected fraud or abuse’ could be ‘reasonable belief of fraud or abuse’.”

9. DBHS SUSPECTED FRAUD OR ABUSE CRITERIA

DBHS is required to report all suspected fraud or abuse involving any Title 19/21 funds to AHCCCS within 10 business days of determination. All reports of suspected fraud or abuse from DBHS will be in writing and will be preceded by an e-mail or telephone call to AHCCCS/OPI. Any DBHS report of suspected fraud will be made based upon the findings of a FAU audit or review and will meet the FAU criteria for determining suspected fraud or abuse. The totality of the findings and the circumstances will be examined before making any determination regarding suspected fraud or abuse.

The FAU will report all suspected fraud to AHCCCS/OPI for Title 19/21 funds, or the appropriate reporting agency for non-Title 19/21 funds, even if a T/RBHA or provider has already taken corrective action. If there is evidence that suspected fraud has occurred, it will be reported.

The following is FAU criteria for determining if fraud or abuse is suspected and should be reported to AHCCCS/OPI or another reporting agency.

At least one of the following criteria must be met:

- Evidence of knowing and intentional:
 - Duplicate billings
 - Upcoding
 - Miscoding
 - Unbundling
 - Misrepresentation of services.
 - Billing for services not rendered.
 - Evidence of false or altered documents.
 - Evidence of missing documentation.
 - Evidence of irregularities following sanctions for same problem.
 - Evidence of unlicensed or excluded professional or facility at time of services.
 - Evidence of management knowledge of fraudulent activity.

- Reports of material irregularities by more than one reliable source.

And all of the following criteria must be met:

- Pattern of occurrence of irregularities.
- Actual loss to a government program.
- Loss would be considered material for nature and type of activity and provider.

Or at least one of the following criteria is met:

- Direct personal knowledge of fraudulent activity by known reliable individual.
- T/RBHA documented audit findings that show suspected fraud.
- Report showing evidence of suspected fraud from another government or law enforcement agency.

10. REQUIREMENT TO REPORT SUSPECTED FRAUD AND ABUSE

It is required that all suspected fraud or abuse be reported based upon statute, code, policy and contract. The following cites all refer to the necessity for DBHS, all T/RBHAs and providers to report suspected fraud or abuse:

- ARS 36-2918.01. Duty to report fraud or abuse; immunity.
- Arizona Administrative Code R9-22-511. Fraud or Abuse
- AHCCCS Policy and Procedures Manual, III.B. Reporting
- AHCCCS/ADHS Contract, Section D, Paragraph 52. Corporate Compliance
- Attachment A: Minimum ADHS Contract Provisions, 13. Fraud and Abuse
- Attachment A: Minimum ADHS Contract Provisions, Ad Hoc Reports, 1. Reports of Provider and Member Fraud and Abuse
- DBHS Provider Manual, 7.1.7. Procedures

The following is the Arizona statute that establishes the phrase “suspected fraud or abuse”:

- ARS 36-2918.01. Duty to report fraud or abuse; immunity.

The details of the above referenced cites are contained within Attachment C.

11. SUSPECTED FRAUD AND ABUSE REPORTING DEFINITIONS

For the purposes of the DBHS' compliance program, the DBHS Compliance Plan and the FAU's operational activities, the following definitions will be used for the terms used in reporting suspected fraud or abuse.

- *Immediately.* Defined by AHCCCS/OPI as 10 business days.
- *In Writing.* Defined by AHCCCS/OPI as a written report received by mail, faxed report with the original sent by mail or an e-mailed report with the original sent by mail.
- *Discovery.* Discovery is when it becomes clear that there is suspected fraud or abuse. Upon discovery, the 10-day reporting period begins. Discovery generally occurs when there is a reasonable belief that fraud or abuse is happening or has happened. Anyone can report fraud or abuse; based upon anything they believe shows suspected fraud or abuse.

12. REPORTING SUSPECTED FRAUD AND ABUSE BY T/RBHAS AND PROVIDERS

All instances of suspected fraud and abuse involving Title 19/21 funds must be reported within 10 business days of discovery directly to AHCCCS/OPI using their forms and procedures. DBHS requests that upon reporting suspected fraud and abuse to AHCCCS/OPI, a separate report is provided to DBHS/ FAU using FAU form and procedures.

All instances of suspected fraud and abuse involving non-Title 19/21 funds (state only funds) may be reported to the DBHS Compliance Audit Unit using their forms and procedures (if there is any chance that Title 19/21 funds may be involved, it must be reported to AHCCCS/OPI).

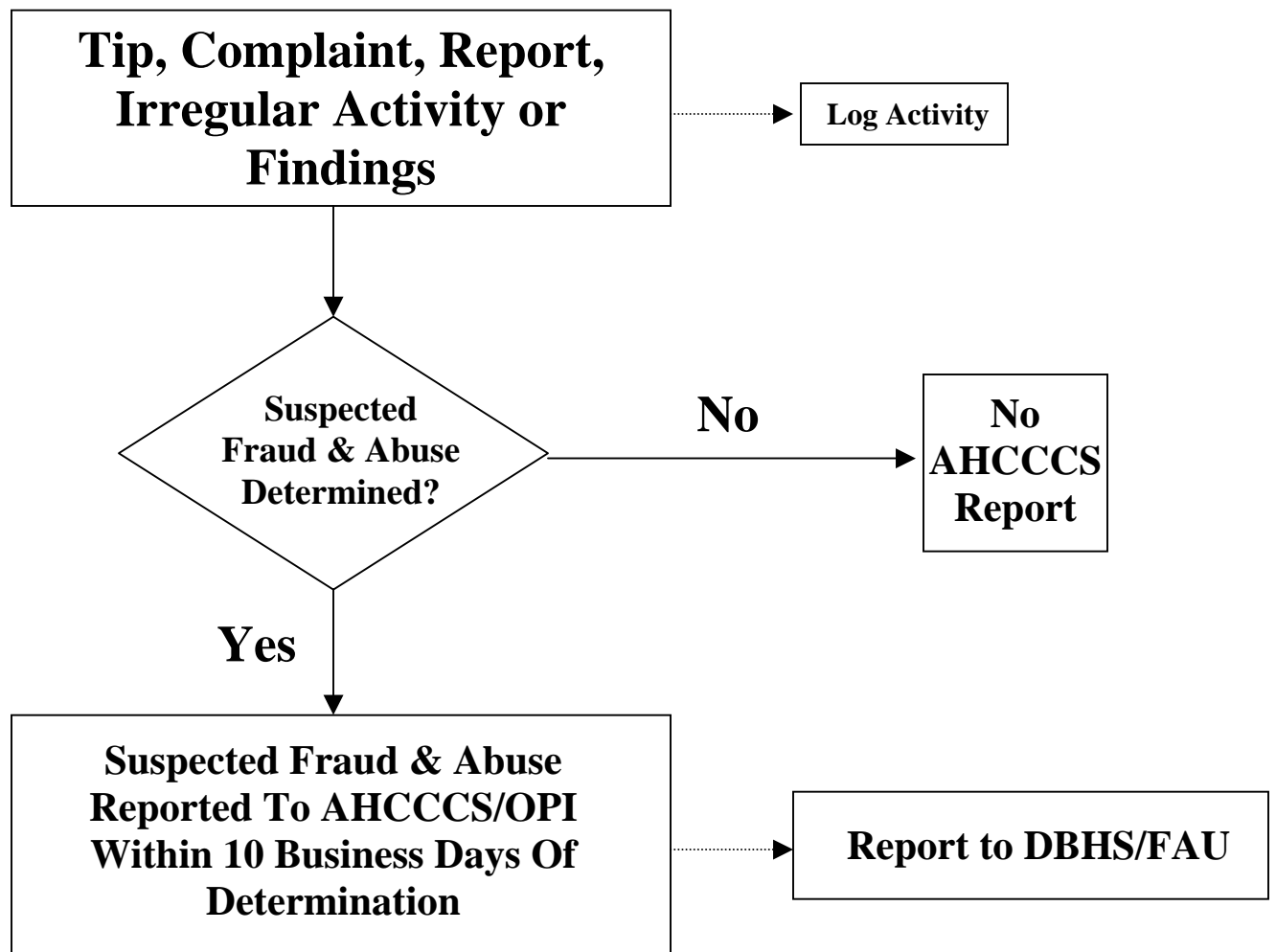
All instances of suspected fraud and abuse investigated and/or reported to, or by a T/RBHA, should be logged and tracked by the T/RBHA Compliance Officer. The log should include but is not limited to:

- Name and address of target.
- Date complaint received.
- Name and contact information of complainant.
- Nature of complaint (category of fraud and abuse).
- Potential loss amount and nature of funds (Title 19/21 and non-Title 19/21).
- Unique identifying number used by T/RBHA.
- Current status and final disposition.

In the event that a T/RBHA or provider suspects fraud or abuse, they should not disclose to the subject that a fraud or abuse report is being filed. The reporting T/RBHA or provider should not

continue to audit or investigate unless directed to do so by AHCCCS/OPI. Based upon the facts and circumstances of the case, the T/RBHA or provider may be advised by AHCCCS/OPI not to recapture any money lost from the fraudulent activity at that time. The T/RBHA or provider may take steps to prevent any further losses as long as it does not disclose the possibility of an investigation to the subject.

The following is a flowchart of how a T/RBHA or provider would report suspected fraud or abuse to AHCCCS/OPI.



13. REPORTING SUSPECTED FRAUD AND ABUSE BY DBHS

All instances of suspected fraud and abuse involving Title 19/21 funds must be reported within 10 business days of discovery directly to AHCCCS/OPI using their forms and procedures. All DBHS employee reports of suspected fraud or abuse will be reviewed and investigated by DBHS' FAU and a determination will be made regarding whether there is suspected fraud or abuse. Based upon this determination, a report will be prepared by the FAU and sent to AHCCCS/OPI. The FAU will coordinate all investigations of fraud or abuse reported to DBHS and will be the single point of contact for DBHS with AHCCCS/OPI.

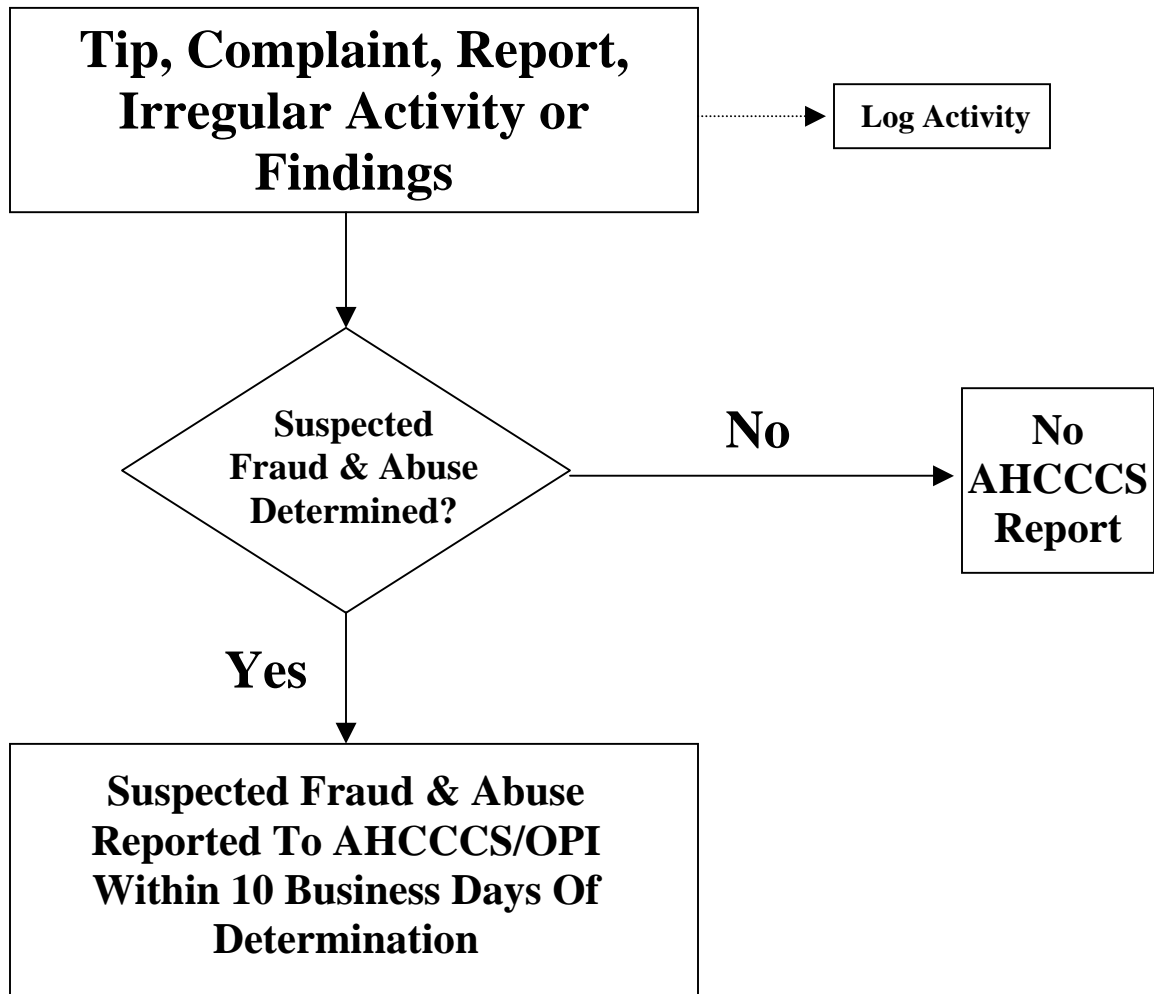
For instances of suspected fraud or abuse involving non-Title 19/21 funds (state only funds) reported to DBHS, the FAU will conduct an investigation and make appropriate referrals to law enforcement based upon all findings.

In the event that a T/RBHA, provider or client reports suspected fraud or abuse involving Title 19/21 funds directly to DBHS, the reporting party will be directed to report the suspected fraud or abuse immediately to AHCCCS/OPI in writing and to not regard their advisement of DBHS as fulfilling their reporting requirement. In these instances, the FAU will contact AHCCCS/OPI and advise them of the complainant's intent to report. The FAU will then follow-up with AHCCCS/OPI, within a reasonable period, to confirm that the T/RBHA or provider filed their report.

DBHS' FAU will maintain a log of all complaints received, reviews conducted, audits performed and referrals made to other agencies. The log will be used for tracking and trending analysis of fraud and abuse reported to DBHS. The log will contain:

- Name and address of target.
- Date complaint received.
- Name and contact information of complainant.
- Nature of complaint (category of fraud and abuse).
- Potential loss amount and nature of funds (Title 19/21 and non-Title 19/21).
- Unique identifying number or case number used by DBHS.
- Current status and final disposition.

The following is a flowchart of how DBHS would report suspected fraud or abuse to AHCCCS/OPI.



14. FAU SUSPECTED FRAUD AND ABUSE REPORTING - INTERNAL PROCEDURES

All complaints or referrals from DBHS employees are to be initiated on the approved Suspected Fraud and Abuse Report form. E-mails, letters or telephonic information is acceptable if the FAU Manager receiving the complaint obtains all of the required information.

Any suspected fraud report received from the public, a T/RBHA or provider will immediately be provided to AHCCCS/OPI and the reporting party will be instructed to make their report directly to AHCCCS/OPI.

All DBHS Suspected Fraud and Abuse Reports must come through the FAU Manager for review and assignment. DBHS staff, supervisors and managers are to submit complaints to the FAU Manager and any external complaints or referrals, regardless as to where they are originally received at DBHS, are to be submitted to the FAU Manager and the reporting party should be instructed to report the information directly to AHCCCS/OPI, if Title 19/21 funds are involved.

Complaints that are not on the Suspected Fraud and Abuse Report form or that do not have all of the required information may prevent the report from being reviewed accurately. All of the requested information is critical in being able to make an informed decision regarding the initial review of the report.

Fraud reports should be from the reporting party. If T/RBHAs, providers, clients or the public are the source of the report, they should be directed to contact AHCCCS/OPI directly, if Title 19/21 funds are involved. In these instances, the FAU will contact AHCCCS/OPI and advise them of the complainant's intent to report. The FAU will then follow-up with AHCCCS/OPI, within a reasonable period, to confirm that the T/RBHA or provider filed their report.

The FAU Manager will review all reports that have been received in a manner consistent with this procedure. The manager will make an initial determination as to whether the matter should have been addressed to FAU. All reports, referrals and complaints received by the FAU that should be addressed by the FAU will be logged and a case number assigned.

If the matter should not have been addressed to the FAU, the FAU Manager will determine the most correct destination in DBHS or ADHS for the report and forward it on.

If there appears to be material irregularities, based upon facts, the report will be assigned to a FAU auditor for review. This review will result in a determination as to whether the facts and circumstances meet the FAU criteria of "suspected fraud or abuse".

If, after a review by an auditor, it is determined that fraud or abuse is not suspected due to a lack of evidence or the matter does not meet FAU criteria for suspected fraud, the case will be closed.

In the event that a FAU auditor finds evidence to support a suspicion of suspected fraud or abuse during a random audit, a Suspected Fraud and Abuse Report form will be prepared and used to open a case.

15. AUTHORITY TO CONDUCT AUDITS OF CONTRACTORS AND SUBCONTRACTORS

DBHS establishes its authority to conduct audits, reviews and investigations of DBHS contractors and subcontractors from the following Arizona statutes and contract provisions:

- ARS 41-2548. Right to Audit Records
- ARS 41-2547. Right to Inspect Plant
- ARS 35-214. Inspection and Audit of Contract Provisions
- RBHA Contract - Uniform Terms and Conditions, Section C.3
- Special Terms and Conditions G. Compliance Provisions, 1.a. – d.

The details of the above referenced cites are contained within Attachment D.

16. DESK AUDITS AND REVIEWS

The FAU will monitor claims and encounter data on an ongoing basis in order to identify irregular activity, suspicious patterns and concerning trends. This monitoring will be in the form of standing analytical procedures and reports as well as purpose-specific and ad hoc analyses and reports conducted by FAU staff. The analyses and reports from these monitoring activities will be tracked and trended and reported to the Compliance Committee on a regular basis.

17. DBHS FRAUD AND ABUSE HOTLINE

In order to provide an anonymous and simple method for T/RBHAs, providers, clients, the public and DBHS employees to report suspected fraud and abuse, a dedicated, toll-free hotline has been established. Information regarding this hotline is to be provided on DBHS' website and posted in prominent places in the DBHS work area and by any other method or medium that will encourage individuals to report fraud and abuse. The hotline numbers are **866-563-4927** or **602-364-3758**.

The hotline will be answered by an FAU staff member if the call is received during business hours. A voice-mail recording will request the relevant information for those who call after business hours. All complaints, tips and reports received from the hotline will be recorded in the hotline log and reported to the FAU Manager.

18. FIELD AUDIT PROGRAM

All random field audits will be performed using the current FAU audit program. All FAU audit programs and audit procedures will be based upon the Government Auditing Standards as published by the Comptroller General of the United States. Auditors may make changes in the audit program based upon their initial findings or the facts and circumstances of the audit target, but any derivations from the established program must be documented and justified. Standard audit programs may be established and added to this manual as needed. The current audit program is included as Attachment E.

19. FIELD AUDIT PROCEDURES

The FAU will conduct field audits of T/RBHAs and providers in order to provide oversight of the contractors and subcontractors of DBHS. Random and targeted audits will be performed in order to deter and detect fraud and abuse. Targeted audits will be developed based upon the facts and circumstances of a complaint, desk audit finding or identification of a vulnerable area. All other audits will be random and conducted on a regular, ongoing basis. For the general procedures related to random audits see Attachment D.

20. FAU INVESTIGATIONS

All complaints, reports, tips and adverse audit findings will be investigated in order to determine if fraud or abuse is suspected. Each report will be assigned a case number and the FAU Manager will assign an auditor to conduct an investigation. All investigations resulting in a determination of suspected fraud or abuse will be reported to AHCCCS/OPI (Title 19/21 funds) or to other State or Federal authorities (non-Title 19/21 funds).

All investigations will be conducted using methods that will preserve the integrity of any evidence collected, provide documentation of all investigative activities related to the case and defer to AHCCCS/OPI on all matters relating to cases of suspected fraud and abuse. All investigations that result in no determination of fraud or abuse will be closed. Any investigation that finds problems with a certified or licensed professional or facility, regardless of suspected fraud or abuse findings, will result in the appropriate agency being notified of the verified problems.

21. DBHS FRAUD AND ABUSE AWARENESS PROGRAM AND TRAINING

The FAU will be responsible for providing fraud and abuse training to DBHS employees, managers, supervisors and to T/RBHA Corporate Compliance Officers on a regular basis. All new DBHS employees will receive mandatory initial training on identifying and reporting suspected fraud and abuse. Semi-annual training will also be made available to DBHS employees in a classroom or on-line setting. All DBHS management will receive training on fraud and abuse during a Management Team meeting at least once per year. See Attachment F for samples of employee and management training materials.

Fraud and abuse training will be provided to T/RBHA Corporate Compliance Officers at each quarterly Compliance Officers' meeting. FAU staff will attend professional training each year to maintain their understanding and expertise in the area of fraud and abuse detection, investigation and auditing. Awareness campaigns will be conducted during each year including posters and flyers for DBHS employees.

A quarterly fraud and abuse newsletter will also be published by the FAU and distributed to DBHS employees and T/RBHA Corporate Compliance Officers. The focus of the newsletter will be ways to deter and detect fraud and abuse. The newsletter will also contain information on emerging fraud and abuse trends as well as references to other relevant information sources and training programs.

22. FAU CASE FILE MANAGEMENT

All FAU case files will be created and maintained in a uniform and consistent manner. The goal is to have each case file in such a state that any auditor could pick up a case file and quickly determine the status and continue the audit or investigation.

Every complaint, referral, investigation or audit will be assigned a unique case number and a case name. The name will be the name of the suspect, target or subject of an audit. Each case that is opened will have a physical file created which will be kept in the secure file area.

Only FAU staff and the CFO will have access to the secure files. Open case files will not be left out of the secure file area after work hours and will never leave the building. Closed case files will be kept in a secure area and accessed only by authorized personnel.

All case related documents, forms, memos, reports, evidence, schedules, charts and correspondence will be kept in the case file. Any collected item too large to fit in the case file will be kept in a secure area and indexed to the case file.

Preliminary analyses, notes, drafts and all unfinished work products will be kept in the auditor's working files and will not be kept in the case file. Auditor working files will be maintained in a secure manner. All electronic data and files will be transferred to CD, labeled and placed in the case file when work on the data is substantially completed. Closed case files will not be destroyed. Closed files will be maintained for 12 months and then sent to archives. Case files will be organized and filed by fiscal year opened.

23. FAU COMMUNICATIONS AND REPORTS

All FAU communications, reports, memos and letters will follow standardized formatting and criteria. All communications that will leave the FAU must be reviewed and approved by the FAU Manager.

All information, data, records, documents and communications related to any and all reports, complaints, audits and investigations are to be maintained in a secure and confidential manner. Nothing related to a FAU report, complaint, review or audit is to be provided to the public. Information should not be shared with any DBHS personnel unless there is a documented need to know. Information and evidence can be provided to appropriate AHCCCS/OPI and law enforcement agencies as necessary.

All public information requests are to be directed to the DBHS Deputy Director's Office. Individuals inquiring about cases should be advised that there can be no confirmation or denial regarding any FAU activity.

Initial reviews, desk audits, special internal assignments and non-audit administrative activity will result in memos documenting activity and findings. Memos should be to the appropriate individual or to a case file. Memos may contain opinions, recommendations and ideas. Activity

involving any T/RBHAs or providers, not directly related to a complaint or case, should be documented in the form of a memo.

Investigative audit activity should be documented in investigative reports. Interviews, meetings, analyses, and all significant investigative activities should be recorded in the form of an investigative report. Investigative reports should contain facts, summary analyses, findings and salient points from interviews. Reports should not contain opinions, suppositions or recommendations for further action.

All letters will be on ADHS letterhead. Letters requesting documents, data, information or communicating with other company or agency management should be under the FAU Manager's signature. Letters to audit/investigative peers and complainants should be under the auditor's signature.

Samples of standardized reports, memos and communications along with all standard forms are contained in Attachment G.

24. FAU SECURITY

The activities, documents and communications of the FAU are to be maintained in a secure and appropriate manner. All complaints, suspected fraud reports or information relating to a suspected fraud or abuse issue are to be maintained in a confidential manner. Auditors are only to discuss information regarding any of their work with appropriate employees on a "need to know" basis.

No information regarding any investigations, audits, cases or preliminary reviews is to be discussed with or provided to anyone outside of the FAU without the approval of the FAU Manager. FAU staff is not to confirm or deny that a complaint or report has been received or that an audit or investigation is being conducted. The FAU Manager will approve all information sharing with other appropriate agencies.

All FAU staff will have Compliance Auditor credentials issued to them. These credentials are to be carried with them during business hours and when in the field. These credentials are for identification purposes to the public, T/RBHAs, providers, and other agencies. If these credentials are used inappropriately, they will be taken from the staff member and will be considered grounds for discipline or dismissal.

All case files and completed audit and preliminary review documents will be kept in the secure file area. All collected items and evidence will be kept in the secure file area. Each FAU staff member and the CFO will have access to the files.

No files, reports, documents or collected items are to be left out of the secure file at the close of business each day. All working files will be secured in the staff member's locked drawers at the close of business each day.

25. FAU DOCUMENT DESTRUCTION PROCEDURES

In order to prevent the accumulation of unnecessary closed-case related documents and to maximize storage space for open cases, the follow procedures are to be followed.

- All accumulated case documents are to be considered prior to completing a case closing form. Documents are to be considered based upon whether they are originals, copies, HIPAA protected, or if the case is being referred to AHCCCS/OPI or another agency.
- If the case is not forwarded for investigation, all originals are to be returned to the rightful custodian of records from which they were originally received. If the case is referred to AHCCCS/OPI or another qualified agency, all originals will be forwarded along with the case information.
- If the case is not forwarded for investigation, all copies are to be destroyed following the destruction procedure. If the number of copied documents is 100 or less, they should be kept in the case file. If the case is being referred to AHCCCS/OPI or another qualified agency, all copies will be forwarded along with the case information.
- A destruction or transfer form is filled out for each set of documents taken from the case file and the corresponding box is completed on the Collected Document List which notes the date, disposition and initials of auditor.
- All original work products (analyses, charts, schedules, reports, memos, letters, working papers and any type of summary) will be kept in the case file whether it is referred on or not. Copies of work products may be provided to AHCCCS/OPI or other qualified agencies, if requested and necessary.

The following is the procedure for destroying documents identified as needing to be disposed of:

- After the determination for destruction has been made regarding the documents, the auditor completes a document destruction form. The form contains a brief summary of the documents, how they were obtained, the reason they are being destroyed and the approving signature of the FAU Manager.
- The destruction form is kept in the case file with the Collected Document List.
- The documents are then placed in the confidential waste receptacle.

The following is the procedure for returning original documents to the originator or a referring agency:

- After the determination for return or referral has been made regarding the documents, the auditor completes a document transfer form. The form contains a brief summary of the documents, how they were obtained, the reason they are being transferred and the approving signature of the FAU manager.

- These documents are hand-delivered and the recipient signs the transfer form or the documents are sent to the recipient via U.S. Postal Service, Registered Return Receipt Requested.
- The transfer form is kept in the case file with the Collected Document List.

26. T/RBHA ADMINISTRATIVE REVIEWS

Annually, the FAU will participate in the DBHS administrative review of each T/RBHA as a provision of their contracts. The FAU will be responsible for section FO 1.0 which relates to Corporate Compliance Plans and Compliance Officers. Interrogatories will be conducted for all reviews and on-site interviews will be conducted as needed. The following table describes what the standard is and what is needed for the review.

Financial Operations		
Standard Code	Documents Needed BEFORE On-Site Review	Documents Needed ON DAY OF On-Site Review
FO 1.0 The T/RBHA has a Corporate Compliance Officer and Corporate Compliance Plan in place to prevent, detect and report fraud and abuse.	To be provided by T/RBHA: Evidence the T/RBHA has designated a Corporate Compliance Officer. Provide a copy of the Contractors' Compliance Plan, only if there have been revisions since the original submission date. Provide the job description for the Corporate Compliance Officer. Evidence that the T/RBHA conducts internal audits and/or monitoring of providers for fraud and abuse. Samples of the education and training provided to T/RBHA staff and providers.	Access to claims system. Staff available to run reports and queries. Any documentation and/or reports to substantiate interview content.

27. EQUIPMENT

The following equipment or items will be issued to FAU employees and they will be required to sign for each item. These items will be controlled and documented on a control log and as employees leave the FAU they will be required to return all issued equipment. All FAU equipment is to be used for authorized purposes and is to be safeguarded.

- Credentials

- Each member of the FAU will be issued Compliance Auditor credentials which identify them as an agent of the State of Arizona and an agent of ADHS/DBHS and authorizes them to have access to HIPAA related records and information within the scope of an audit.
- Keys
 - Each member of the FAU and the CFO will be issued a key to the secure files. These keys are not to be duplicated and they are not to be loaned to anyone for any reason. The FAU Manager or CFO may make duplicates as needed.

The FAU has equipment for use by the FAU staff. This equipment includes, but is not limited to:

- Laptop computer
- Portable printer
- Portable scanner
- Tape recorder
- Portable copier

These items are to be kept in the secure file area and used only for business related activities. If taken and used away from the DBHS office, these items are to be safeguarded and used only by FAU staff. Problems with any of this equipment should be reported to the FAU Manager immediately. These items may be loaned to other BFO personnel with the permission of the FAU Manager and documentation of the loaned equipment.

28. AHCCCS OPERATIONAL AND FINANCIAL REVIEW

Annually, AHCCCS will conduct an Operational and Financial Review (OFR) of DBHS in order to determine if there is organization, management and administrative systems in place cable of fulfilling all contract requirements including those areas related to fraud and abuse. DBHS' compliance program will be reviewed and rated on the following criteria:

- ADHS has a management level Corporate Compliance Officer with a job description that clearly outlines the responsibilities and authority of the position.
- ADHS has a designated Compliance Committee that is comprised of a minimum of a Compliance Officer, a budgetary official and other executive officials with the authority to commit resources.
- ADHS has a Compliance Officer on site available to all employees with designated and recognized authority to access records and make independent referrals to AHCCCS.

- ADHS conducts Corporate Compliance orientation, ongoing training and educational activities for its employees.
- The ADHS Corporate Compliance program ensures an effective confidential line of communication between the Compliance Officer and the ADHS employees.
- The ADHS Corporate Compliance program has well publicized compliance guidelines.
- The ADHS Corporate Compliance program contains provisions for internal monitoring.
- The ADHS Corporate Compliance program audits for fraud and abuse.
- The ADHS Corporate Compliance program contains provisions for prompt response to problems detected within the ADHS established timelines.
- ADHS meets ADHS established timelines.
- The ADHS Corporate Compliance Officer tracks suspected fraud and abuse cases to identify trends.
- ADHS analyzes information from suspected fraud and abuse cases to identify trends.
- ADHS takes appropriate action when a trend is identified.

During the OFR review, the FAU is required to provide certain documentation. The following are the items and information required during the most recent OFR as related to fraud and abuse:

- Staff in-service training documents.
- Corporate Compliance Committee minutes.
- Examples of actions taken to publicize the ADHS Corporate Compliance guidelines.
- Internal ADHS Corporate Compliance monitoring reports, including monitoring of internal timelines.
- Fraud and Abuse written log.
- Fraud and Abuse tracking and trending documentation.
- Evidence of actions taken when fraud and abuse trends are identified.

29. OPERATIONS AND PROCEDURES MANUAL UPDATES AND REVISIONS

The FAU Operations and Procedures Manual will be reviewed regularly and updated as needed. The FAU Manager is responsible for maintaining this manual and should coordinate with all functional areas of DBHS when there are proposed changes. All functional areas of DBHS should coordinate with the FAU Manager regarding any changes in their policies, procedures, contracts or reference documents that may reference or affect this manual.

All substantive changes to this manual must be reviewed and approved by the Compliance Committee chair.

Attachment A

DBHS Corporate Compliance Plan

Attachment B

Understanding Medicaid Fraud and Abuse

UNDERSTANDING MEDICAID FRAUD AND ABUSE

The phrase “fraud and abuse” is used commonly when discussing corporate compliance programs in the world of Medicaid. The terms “fraud” and “abuse” are generally used together, as if they are interchangeable and essentially the same, but they are not. In order to effectively deter and detect fraud and abuse within Arizona’s public behavioral health system and to better enable auditors and investigators to perform their duties adequately, it is necessary to examine, define and understand what these terms mean and how they are different. The obvious and subtle differences between the terms fraud and abuse are critical in the determination of suspected fraud or abuse, the collection of evidence, the elements necessary to determine which statutes apply and, ultimately, the jurisdiction.

Fraud and abuse are defined as:

Fraud

“Fraud means an intentional deception or misrepresentation made by a person with the knowledge that the deception could result in some unauthorized benefit to himself or some other person. It includes any act that constitutes fraud under applicable Federal or State law.” (42 CFR § 455.2)

Abuse

“Abuse means provider practices that are inconsistent with sound fiscal, business or medical practices, and result in an unnecessary cost to the Medicaid program, or in reimbursement for services that are not medically necessary or that fail to meet professionally recognized standards for health care. It also includes recipient practices that result in unnecessary cost to the Medicaid program.” (42 CFR § 455.2)

While the terms fraud and abuse used in relation to the Medicaid program have definitions outlined in CFR, they do not generally refer to specific, chargeable offenses. Specific civil or criminal statutes would need to be selected for prosecution based upon the facts, circumstances and evidence of the case. There are both state and federal charges of fraud, but there are several types of fraud that could be used and several non-fraud charges that could be used instead of, or in conjunction with the fraud charges. These criminal statutes comprise the action that can be taken if fraudulent activities are suspected.

There is no state or federal charge of abuse as it relates to the financial or program aspect of Medicaid (there is physical abuse of a Medicaid patient or client, but not financial), but there are several civil statutes that can be used to fine the offenders, seek a recovery of funds and restrict their participation in the Medicaid program. These civil statutes comprise the action that can be taken if abusive activities are suspected.

The terms fraud and abuse do not refer to specific offenses, but rather the nature of the statutes that can be used to prosecute or take action against a provider. If fraud were suspected (see CFR

definition of fraud), at least one of several federal or state criminal statutes listed in the table below would need to be charged. The charges chosen would be based upon the facts and circumstances of the case and specific elements would need to be established in order to conduct a successful prosecution of the case.

If abuse were suspected (see CFR definition of abuse), at least one of the federal or state statutes or rules listed in the table below would need to be charged or invoked. Based upon the statutes or rule chosen to charge the subject with, specific elements would need to be established in order to successfully obtain a civil judgment or monetary penalty or assessment.

The primary difference between fraud and abuse, as they relate to chargeable offenses, is the existence or ability to prove intent on the part of the suspect. In order to charge a fraudulent act it would normally require the ability to prove criminal intent. A lower level of intent or an absence of intent would normally lead investigators or prosecutors to pursue civil/administrative abuse charges.

Though not specific to the Medicaid Program, the Governmental Accounting Office's Governmental Auditing Standards 2003 Revision (GAS) make it clear that abuse is distinct from fraud. Several sections in the GAS state that, "When abuse occurs, no law, regulation, or provision of a contract or grant agreement is violated. Rather, abuse involves behavior that is deficient or improper when compared with behavior that a prudent person would consider reasonable and necessary business practice given the facts and circumstances." (GAS 2003 Revision 4.19, 6.19, 7.25)

All complaints of suspected fraud or abuse discovered by DBHS, T/RBHA or provider, that involve Title 19/21 funds, are referred to the Arizona Health Care Cost Containment System – Office of Program Integrity (OPI). OPI opens all of their cases as criminal investigations. If their preliminary investigation indicates that the complaint is civil/administrative in nature, they can investigate and adjudicate the case entirely in-house. If their preliminary investigation determines that there is a criminal element to the case (a criminal statute could be charged), they can refer the case to the Arizona Attorney General's Office (AZ/AG) for investigation by their AHCCCS Fraud and Abuse Control Unit. If the AZ/AG's office finds an Arizona statute that can be charged, they will investigate and consider prosecution.

It is possible to pursue a case both criminally and civilly at the same time. While this presents certain difficulties related to the sharing of information and evidence, it can be done if circumstances justify it. It is conceivable that OPI could pursue a case against a provider civilly while the AZ/AG pursues a case against the same provider criminally.

If the AZ/AG's office finds that only federal criminal statutes apply, they can refer the case to one of several federal investigative agencies or the United States Attorney's Office. If the original complaint from DBHS, T/RBHA or provider involves only state funds (no Title 19/21), DBHS' Fraud and Abuse Unit investigates the complaint and refers it to the AZ/AG's office. If the matter appears to be criminal in nature, based upon state statutes, it would go to the Chief of the Criminal Division at the AZ/AG's office. If the matter appears to be civil in nature, it would be referred to DBHS's agency council for action.

Fraud		Abuse	
Statute	Title	Statute	Title
Title 18, U.S.C., § 286	Conspiracy to defraud Government with respect to claims	Title 18, U.S.C., § 1345	Injunctions against fraud
Title 18, U.S.C., § 287	False, fictitious or fraudulent claims	Title 31, U.S.C., § 3730	Civil actions for false claims
Title 18, U.S.C., § 371	Conspiracy to commit offense or to defraud United States	Title 42, U.S.C., § 1320a –7A	Civil monetary penalties
Title 18, U.S.C., § 669	Theft or embezzlement in connection with health care	A.R.S. § 36-2918	AHCCCS – Prohibited acts
Title 18, U.S.C., § 1001	Statements or entries generally (false statements)	R9-22-1101-1112	AHCCS - Civil monetary penalties and assessments for fraudulent claims
Title 18, U.S.C., § 1031	Major fraud against the United States		
Title 18, U.S.C., § 1035	False statements relating to health care matters		
Title 18, U.S.C., § 1341	Frauds and swindles (mail fraud)		
Title 18, U.S.C., § 1343	Fraud by wire		
Title 18, U.S.C., § 1347	Health care fraud		
Title 18, U.S.C., § 1518	Obstruction of criminal investigations of health care offenses		
Title 18, U.S.C., § 1956	Laundering of monetary instruments		
Title 18, U.S.C., § 1956	Engaging in monetary transactions in property derived from specified unlawful activity		
Title 18, U.S.C., § 1961 – 1968	Racketeering Influenced and Corrupt Organizations (RICO)		
Title 42, U.S.C., § 1320a-7B	Criminal penalties for acts involving Federal health care programs		
A.R.S. § 13-2310	Fraudulent schemes and artifices		
A.R.S. § 13-2311	Fraudulent schemes and artifices; willful concealment		
A.R.S. § 13-2317	Money laundering		

Attachment C

Requirement to Report Suspected Fraud and Abuse References

REQUIREMENT TO REPORT SUSPECTED FRAUD AND ABUSE REFERENCES

A.R.S. 36-2918.01. Duty to report fraud or abuse; immunity

- All contractors, subcontracted providers of care and non-contracting providers shall notify the Director or the Director's designee immediately in a written report of any cases of suspected fraud or abuse. The Director shall review the report and conduct a preliminary investigation to determine if there is sufficient basis to warrant a full investigation. If the findings of a preliminary investigation give the Director reason to believe that an incident of fraud or abuse has occurred, the matter shall be referred to the Attorney General.
- Any person making a complaint or furnishing a report, information or records in good faith pursuant to this section is immune from any civil liability by reason of that action unless that person has been charged with or is suspected of the fraud or abuse reported.
- Any contractor, subcontracted provider of care or non-contracting provider who fails to report pursuant to this section commits an act of unprofessional conduct and is subject to disciplinary action by the appropriate professional regulatory board or department.

Arizona Administrative Code R9-22-511. Fraud or Abuse

- A contractor, provider, or non-provider shall advise the Director or designee immediately, in writing, of any case of suspected fraud or abuse.

AHCCCS Policy and Procedures Manual, III.B. Reporting

- If a contractor discovers, or is made aware, that an incident of potential/suspected fraud and abuse has occurred, the contractor shall report, within 10 business days of the discovery, the incident to AHCCCS by completing the confidential AHCCCS Referral For Preliminary Investigation form.

AHCCCS/ADHS Contract, Section D, Paragraph 52. Corporate Compliance

- In accordance with A.R.S. 36-2918.01, ADHS, the subcontractors or providers are required to notify the AHCCCS/OPI immediately of all suspected fraud or abuse. ADHS agrees to promptly (within 10 business days of discovery) inform AHCCCS/OPI in writing of instances of suspected fraud or abuse. This shall include acts of suspected fraud or abuse that were resolved internally but involved AHCCCS funds, ADHS, subcontractors or providers.

Attachment A: Minimum ADHS Contract Provisions, 13. Fraud and Abuse

- If the contractor discovers, or is made aware that an incident of potential fraud or abuse has occurred, the contractor shall report the incident to ADHS or AHCCCS/OPI (DHBS is currently reviewing this section to ensure that suspected fraud is the term used consistently).

Attachment A: Minimum ADHS Contract Provisions, Ad Hoc Reports, 1. Reports of Provider and Member Fraud and Abuse

- As stated in Section D, Paragraph 52, Corporate Compliance, ADHS is required to report all cases of suspected (and actual) fraud and abuse by subcontractors, members or employees immediately upon discovery.

DBHS Provider Manual, 7.1.7. Procedures.

7.1.7. A. Reporting of fraud and abuse involving Title XIX/XXI funds or AHCCCS registered providers

- Upon becoming aware of a suspected incident of fraud or abuse, including a suspected incident committed by the T/RBHA, a T/RBHA or provider has 10 working days to inform the AHCCCS Office of Program Integrity of the suspected fraud or abuse in writing to the address below or by submitting an online form accessible at the link below:

AHCCCS Office of Program Integrity
801 E. Jefferson Street
Phoenix, Arizona 85034
<http://www.azahcccs.gov/Site/RptFraud.asp>

- In addition, T/RBHAs or providers should advise the ADHS/DBHS Corporate Compliance Officer of the report to AHCCCS by calling or writing to the contact information below:

ADHS/DBHS Corporate Compliance Officer
150 N. 18th Ave., Suite 280
Phoenix, Arizona 85007
(602) 364-3758 or 1-866-563-4927
Fax number: 602-364-4736

7.1.7. B. Reporting of fraud and abuse involving state-only funds, ADHS/DBHS registered providers or other providers

- Upon becoming aware of a suspected incident of fraud or abuse, including a suspected incident committed by the T/RBHA, a T/RBHA or provider has 10 working days to inform the ADHS/DBHS Corporate Compliance Officer by completing [PM Form 7.1.1, Suspected Fraud or Abuse Report](#) and faxing or mailing it to ADHS/DBHS. Reports of fraud or abuse may also be taken over the phone at (602) 364-3758 or 1-866-563-4927.

7.1.7-C. Reporting of fraud and abuse to the T/RBHA

- In addition to notifying ADHS or AHCCCS, behavioral health providers may need to notify their contracted T/RBHA of all suspected incidents of fraud or abuse. [T/RBHAs may insert specific instructions and include any forms providers must submit here.]

Attachment D

DBHS Authority to Conduct Audits of Contractors and Subcontractors

DBHS AUTHORITY TO CONDUCT AUDITS OF CONTRACTORS AND SUBCONTRACTORS

A.R.S. 41-2548. Right to Audit Records

- The state may, at reasonable times and places, audit the books and records of any person who submits cost or pricing data as provided in section 41-2543 to the extent that the books and records relate to the cost or pricing data. Any person who receives a contract, change order or contract modification for which cost or pricing data is required shall maintain the books and records that relate to the cost or pricing data for five years after the completion of the contract pursuant to section 35-214.
- The state is entitled to audit the books and records of a contractor or any subcontractor under any contract or subcontract to the extent that the books and records relate to the performance of the contract or subcontract. The books and records shall be maintained by the contractor for a period of five years after the completion of the prime contract pursuant to section 35-214 and by the subcontractor for a period of five years after the completion of the subcontract pursuant to section 35-214.

A.R.S. 41-2547. Right to Inspect Plant

- The state may at reasonable times inspect the part of the plant or place of business of a contractor or any subcontractor, which is related to the performance of any contract awarded or to be awarded by this state.

A.R.S. 35-214. Inspection and Audit of Contract Provisions

- Except as provided in subsection C, in all contracts and subcontracts for the furnishing of goods, equipment, labor, materials or services to the state, or any of its agencies, boards, commissions or departments, there shall be a provision that all books, accounts, reports, files and other records relating to the contract shall be subject at all reasonable times to inspection and audit by the state for five years after completion of the contract. The contract provision shall also require that such records be produced at such state offices as designated by the state in the contract.
- Nothing in subsection A shall preclude a more stringent audit requirement agreed to by the parties in any state contract, and no rule of procedure shall limit the authority of the state to exercise its rights under this section.
- This section does not apply to contracts or subcontracts for the furnishing of goods, equipment, materials or services to any agency, board, commission or department of this state by another agency, board, commission or department of this state or a political subdivision of this state.

RBHA Contract - Uniform Terms and Conditions, Section C.3

- Audit. Pursuant to A.R.S. § 35-214, at any time during the term of this Contract and six (6) years thereafter, the Contractor's or any subcontractor's books and records shall be subject to audit by the State and, where applicable, the Federal Government, to the extent that the books and records relate to the performance of the Contract or Subcontract.

Special Terms and Conditions G. Compliance Provisions, 1.a. – d.

- Audits, Surveys, Inspections and Reviews
 - If more than one GSA is awarded under this contract, there may be requirements for audit, survey, inspection and review activities by each GSA. In addition to the Uniform Terms and Conditions, Section C.3 Audit, the following terms and conditions shall apply.
 - Contractor and its Subcontractors shall comply with all Federal, State and local laws, rules, regulations, standards and executive orders governing performance of duties under this contract without limitation to those designated within this contract.
 - Contractor and its Subcontractors shall comply with all applicable AHCCCS Rules and Audit Guide, policies and procedures relating to the audit of Contractor's records, medical audit protocols, the inspection of Contractor's facilities, the survey of behavioral health recipients and providers and reviews.
 - At any time during the term of this Contract, Contractor and its subcontractors shall fully cooperate with DBHS, AHCCCS, the U.S. Department of Health and Human Services, the U.S. Office of Civil Rights, The Center for Medicaid and Medicare Services or any authorized representative of the state or federal governments and allow them:
 - Access to Contractor's and Subcontractors' staff and behavioral health recipients;
 - Access to, inspection and reproduction of books and records related to the performance of the Contract or Subcontracts; and,
 - Through on-site inspection, or other means, to evaluate the quality, appropriateness and timeliness of services performed under this Contract.
 - DBHS, its contractor, or other state or federal agency shall conduct the following audits, surveys, inspections and reviews.

- Audits may be conducted periodically to determine Contractor and Subcontractor's compliance with state and federal codes, rules, regulations and requirements. These audits include, but are not limited to, the following:
 - Auditor General Audits – Contractor and its subcontractors shall comply with and participate as required in the Performance Audit and other audits conducted by the Arizona Auditor General.
 - Other Federal and State Audits - The Contractor and its subcontractors shall comply with and participate as required in other federal and state audits including the audit of an inpatient facility.
- Encounter Validation Study - Contractor and its Subcontractors shall participate in the required Center for Medicaid and Medicare Services (CMS) data validation studies conducted by AHCCCS and other validation studies as may be required by DBHS. Any and all covered services may be validated as part of the studies. Center for Medicaid and Medicare Services data validation studies shall be conducted at least annually.
 - Per CMS requirement, AHCCCS conducts encounter validation studies of the Title XIX and XXI encounter submissions sent to AHCCCS from Contractor via DBHS and compares this to the information in the medical or other record to assess for timeliness, correctness and omissions of data. The ADHS/DBHS Program Support Procedures Manual contains specifications regarding this encounter validation study. AHCCCS has reserved the right to revise the study methodology, timeliness, and sanction amounts based on its review or as a result of consultations with CMS. Contractor shall be notified in writing of any significant change in study methodology.
 - All sanctions imposed against DBHS by AHCCCS as a result of data validation studies to DBHS from AHCCCS shall be passed on to Contractor according to the Special Terms and Conditions Paragraph H.4 Corrective Actions and Sanctions. DBHS shall notify Contractor in writing of the sanction amounts.
- Surveys
 - Behavioral Health Recipient Satisfaction Survey - The Contractor and its Subcontractors, as applicable, shall actively participate in the development and implementation of the behavioral health recipient biennial satisfaction survey. Participation may include, but is not limited to, attending planning meetings and assisting with the distribution of surveys to behavioral health recipients. The Contractor shall use findings from the Satisfaction Survey to improve care for behavioral health recipients.

- Inspections
 - General Inspections - Contractor agrees to make available at the office of Contractor, at all reasonable times, any of its records for inspection, audit or reproduction, by any authorized representative of the state or federal governments.
 - Inspections of Service Delivery Sites - Contractor and subcontractors shall allow an authorized representative of the state or federal government access to inspect any service delivery site for the purpose of determining the quality and safety of services being delivered. This shall be conducted at reasonable times unless the situation warrants otherwise.
- Reviews
 - Annual Administrative Review - DBHS shall conduct an Annual Administrative Review of the Contractor for the purpose of ensuring operational and financial program compliance for all programs, including but not limited to the following:
 - Compliance with state, federal and contractual requirements.
 - A review of clinical and business practices and policies.
 - A review of financial reporting systems.
 - The quality outcomes, timeliness, and access to healthcare services.
 - Any other operational and program areas identified by DBHS.
 - The reviews shall be conducted to identify areas where improvements can be made and make recommendations accordingly, monitor Contractor's progress toward implementing mandated programs and corrective action plans, and provide Contractor with technical assistance if necessary.
 - The type and duration of the Administrative Review shall be solely at the discretion of DBHS. In preparation for the on-site Administrative Review, Contractor shall fully cooperate with the DBHS Review Team by forwarding, in advance, policies, procedures, job descriptions, contracts, logs, and other information that DBHS may request. Contractor shall have all requested medical records available. Any documents not requested in advance by DBHS shall be made available upon request of the Review Team during the course of the review. Contractor personnel, as identified in advance, shall be available to the Review Team at all times during DBHS on-site review activities. While on-site, Contractor shall provide the Review Team with workspace, access to a telephone, electrical outlets and privacy for conferences.

- Contractor shall be furnished a copy of the Administrative Review Report and given an opportunity to comment on any review findings prior to DBHS publishing the final report. Recommendations made by the Review Team shall be implemented by Contractor to bring Contractor into compliance with Federal, State, AHCCCS, DBHS, and/or Contract requirements. DBHS may conduct follow-up Administrative Reviews to determine Contractor's progress in implementing recommendations and achieving program compliance. Follow-up reviews may be conducted at any time after the initial Administrative Review. Contractor shall submit the Status of Administrative Review Corrective Actions Report by June 15th of each year to the Office for Compliance.
- AHCCCS Operational and Financial Reviews of DBHS - Contractor and its Subcontractors shall comply with these Reviews and participate as required in the AHCCCS/ADHS contract in accordance with CMS requirements for the purpose of, but not limited to, ensuring operational and financial program compliance for Title XIX and Title XXI programs. The reviews identify areas where improvements can be made and make recommendations accordingly, monitor DBHS and Contractor's progress toward implementing mandated programs and provide DBHS with technical assistance if necessary. Contractor and its Subcontractors shall comply with all audit provisions as required by AHCCCS.
- Independent Case Review (ICR) - The Contractor shall make available records and other documentation, and ensure Subcontractor's participation in, and cooperation with, the ICR. This may include participation in staff interviews and facilitation of behavioral health recipient/family member and subcontractor interviews. The Contractor shall use findings from the ICR to improve care for enrollees.
- SAMHSA Core Reviews (SAPT and CMHS Block Grants) - The Contractor and its Subcontractors shall comply with and participate as required in DBHS and federal audits and Core Reviews of services and programs funded through the Substance Abuse Prevention and Treatment and Community Mental Health Services Performance Partnership Grants. Core Review findings shall be used to enhance and improve the delivery of Grant-required services for behavioral health recipients.

Attachment E

Field Audit Program

(Please note: audit Program is currently in a draft and will not be available until complete and approved.)

FIELD AUDIT PROGRAM

The general procedures for random field audits are as follows:

- Randomly select one provider from a RBHA for audit.
- Conduct pre-field audit desk review and analysis of provider.
- Send audit engagement letter and internal controls survey to provider with a copy sent to their T/RBHA.
- Establish provider contact person for audit, two business days prior to audit date.
- Receive and review internal controls survey.
- Conduct field audit following audit program.
- If there is a determination of suspected fraud or abuse involving funds during the field audit, no additional auditing will be conducted, the FAU Manager advised and a referral to AHCCCS/OPI will be made. No audit report of any kind will be distributed without the approval AHCCCS/OPI. If there is a determination of suspected fraud or abuse involving non-Title19/21 funds during the field audit, the audit plan will continue to be followed and the FAU Manager advised.
- Organize work papers and notes.
- Conduct follow-up analyses, confirmations and interviews.
- Prepare draft audit report. The audit report is limited to the findings related to the audit program steps and will not include opinions regard the existence or absence of fraud or abuse and will not provide recommendations for changes or improvements.
- Submit draft audit report along with working papers to FAU Manager for review.
- FAU Manager reviews audit report and makes recommendations for revisions, if necessary.
- Auditor revises draft audit report.
- Revised draft report (no working papers) is sent to the provider for review and comment.
- Provider has 10 business days to respond to FAU regarding draft report.
- Substantive, fact-based corrective comments from the provider are considered and incorporated into final report if necessary. Only corrections that can be proven and substantiated will be considered. All correspondence and documents received from the provider will be maintained in the audit working papers.
- Revised report (along with any new documentation) is provided to the FAU Manager for review.
- FAU Manager reviews revised report and makes recommendations for additional revisions, if necessary.
- Final report is distributed to the file, T/RBHA Compliance Officer and provider.

Attachment F

Fraud and Abuse Training Programs

Attachment G

FAU Forms and Reports

(Please note: Not all forms and reports will be represented in a public access version of this manual. Any excluded forms and reports are investigative in nature and are for confidential internal purposes only.)